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BUDGET-CAPITAL MARKET

GOVT TO ADOPT CIRCUIT BREAKER MECHANISM TO STABILISE STOCK MARKET

KUALA LUMPUR, Oct 19 (Bernama) -- The government has agreed to implement a circuit breaker mechanism at the Kuala Lumpur Stock Exchange (KLSE) as part of efforts to ensure stability in the stock market, Prime Minister Datuk Seri Dr Mahathir said today.

Tabling the 2002 Budget at the Dewan Rakyat here, he said this mechanism would have the capacity to halt trading activities temporarily when large declines were experienced during trading.

These halts were based on pre-determined trigger levels, the prime minister said.

"The mechanism will provide investors breathing space before resuming stock market trading activities," he said.

Dr Mahathir said it was also aimed at maintaining investor and market confidence, especially in an uncertain environment.

The KLSE had experienced significant fluctuations arising from developments in the global stock markets, he said.

And in order to facilitate corporate restructuring, Dr Mahathir said the Securities Commission had relaxed conditions for restructuring distressed public listed companies.

These measures include enlarging the pool assets by allowing quality investment properties with stable income to be injected into these companies, he said.

In addition, the prime minister said the establishment of Real Estate Investment Trusts would facilitate restructuring efforts.

To improve the financial position of distressed companies, requirements for share buy-back had been further relaxed.

Listed companies with unsatisfactory financial positions or with issued capital below the minimum threshold are given an extension up to December 2002 to comply with the listing requirements of the KLSE. -- BERNAMA

WNZ SHY